

TILTING AT THE WINDMILL OF DEFENSE ACQUISITION REFORM

Lyn Dellinger

"I'm committed to restructuring the acquisition system for a different environment, but to succeed I need your help." This was the message of Dr. William J. Perry, Deputy Secretary of Defense, to graduating PMC class 93-2, at graduation ceremonies on December 10, 1993.

In a keynote address that highlighted changes in world conditions, Dr. Perry congratulated the class on its accomplishments. He stated that the goal of all their hard work was to make them better managers to work in the Defense Department's acquisition system, that the training DSMC had given them was as good as any in the world, but that they were going to need all the knowledge gained to help them manage a transition to a new post-Cold War acquisition system. Dr. Perry referred to a recent best-selling book which had proclaimed the "end of history," and said, "Headlines show that history is still being written in places like Pyongyang, Mogadishu, or Sarajevo. These headlines remind us that we still face difficult and complex problems and that we will need to maintain the technological edge which we demonstrated in Desert Storm if

we get in another military conflict in the near future."

But while that necessity remains, Dr. Perry projects a reduction in the defense procurement budget by 1997 of about 60-65 percent of its peak in the 1980s. He said the challenge is to

"find a way of maintaining the industrial base which gave us the technological advantage....We

have to do this at a reduced cost, and therefore, we have to find more efficient ways of doing it."

Quoting Professor Theodore Leavitt, who said, "Most managers manage for yesterday's conditions because yesterday is where they got their experiences and had their successes," Dr. Perry added that "management is about tomorrow, not yesterday." Consequently, he is proposing a radical revamping of the Department of Defense acquisition system. He said, "...we must take dramatic action to integrate the defense industrial base with the commercial industrial base so that we create a single national industrial base — a single national technology base." He pointed out that the existing system, which evolved over the past five decades, separates the defense base from the national base through unique contracting processes, unique process and product specifications and standards, and unique security procedures. "My objective," he pledged, "will be to have the Defense Department evolve to a

On January 24, 1994, the President announced his intention to nominate Dr. William J. Perry to succeed Les Aspin as Secretary of Defense.

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fundamentally new acquisition system based on commercial practices."

To accomplish his goals, Congress must provide legislative relief from regulations that have created many of the obstacles to reform of the acquisition system. But, there is support in the Congress. In 1994, the House and the Senate will debate bills that would make substantial changes in defense

acquisition practices, to include allowing commercial procurement practices for procuring commercial products, raising the threshold to \$100,000 under which DOD could use simplified procurement procedures, and simplifying reporting requirements for operational testing. In Dr. Perry's view, these are important steps, but are still short of what he deems necessary. He wants to broaden the definition of commercial products, exempt commercial products automatically from

(Acquisition Reform), headed by Mrs. Colleen A. Preston, to work with teams within DOD. As an example of this effort, Dr. Perry mentioned the search for feasible alternatives to MILSPECS on defense systems, concentrating on near-term, high-payoff changes — a search which has already resulted in a new electronic procurement notice and payment system.

Dr. Perry admitted the task that lies ahead is daunting, and skeptics question whether DOD can break its old bad habits. To scoffers, Dr. Perry quoted Winston Churchill, who told an aide who complained of the exasperating ways Americans have of doing things, "Americans will always do the right thing after having first exhausted all other alternatives."

Dr. Perry concluded by confiding that he had been told often that he should stop tilting at the windmill of acquisition reform. "But," he said, "I have mounted my steed, I have my lance under my arm, and I'm galloping ahead full speed toward that windmill. I ask you to join me in that quest to break down the costly barriers in our system and create a new acquisition system to provide the finest equipment for our forces at a cost the nation can afford."

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Dr. William J. Perry

cost and pricing requirements, and reduce even further the number of unique requirements the government specifies for items it purchases.

Aside from what the Congress must do to assist in acquisition reform, there are several things DOD can do, where legislation permits. To uncover these areas, DOD has created the office of Deputy Under Secretary of Defense



Brig Gen (Sel.) Claude M. Bolton, Jr., USAF, DSMC Commandant, with Dr. William J. Perry, Deputy Secretary of Defense.

Photo by Richard Mattox